

REQUEST FOR PROPOSALS:

Social impact investments

Proposals must be submitted on
<https://tenders.nsw.gov.au/>

by 9:00am AEST on 18 September 2017

*Office of Social
Impact Investment*



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Contact officer details

Proponents should refer requests for information or advice regarding this RFP to:

EMAIL ADDRESS socialimpactinvestment@dpc.nsw.gov.au

Any information given to a proponent to clarify any aspect of this RFP will also be given to all other proponents if, in the opinion of the Office of Social Impact Investment, it would be unfair not to do so.

1. BACKGROUND

The NSW Government believes social impact investment has the capacity to deliver better:

- services and results
- partnerships between the government and non-government sectors
- value for taxpayers.

We work in partnership to achieve better social and financial outcomes for the people and communities of NSW, through social impact investment.

1.1 Policy context

As part of the Social Impact Investment Policy, the NSW Government aims to deliver two investments to market each year

On 4 February 2015, the NSW Government launched its [Social Impact Investment Policy](#) ('the policy'). The policy builds on the success of the NSW Government's social benefit bonds and sets out the Government's aim to support the broader social impact investment market in NSW, and across Australia. A key action in the policy is the intention to deliver two new social impact investments to the market each year.

The NSW Government has now implemented five social impact investments, and negotiations for two more are in progress

Since 2013, the NSW Government has implemented five social impact investments:

- the Newpin social benefit bond: expands an intensive, therapeutic support program delivered by Uniting to safely restore children in out-of-home care to their birth families
- the Benevolent Society social benefit bond: delivers the Resilient Families Service, which aims to prevent at-risk children from entering out-of-home care
- the On TRACC social impact investment: delivers intensive support programs to help parolees successfully reintegrate into the community, and reduce levels of re-offending
- the Resolve social benefit bond: to improve the wellbeing of mental health patients, including reducing their use of hospital services
- the Silver Chain social impact investment: provides specialist palliative support for patients in their home and/or community.

The NSW Government continues to develop other investments including one focused on vulnerable young people, and another in early childhood education.

The Office of Social Impact Investment (OSII) is seeking innovative partnerships that will invest in earlier intervention to improve social outcomes in complex issues

NSW Government recognises that it cannot solve complex social issues alone. By supporting and harnessing innovations and resources from the non-Government sectors, we can deliver better outcomes for the most vulnerable people in our community.

Four key attributes underpin the NSW Government's Social Impact Investment policy:

- Outcomes focus: measuring and paying for outcomes
- Innovation: removing input controls for services to allow service improvements in response to what works
- Investment: shifting spending away from high cost acute services to prevention
- Partnerships: collaborating, and sharing risks and benefits across government and non-government sectors.

OSII recognises that complex social issues do not exist in isolation, and services that cut across a range of Government agencies and jurisdictions (Federal, State and Local) may lead to the greatest improvement in outcomes. To stimulate better outcomes to the complex issue of youth unemployment, the NSW Government has allocated \$10 million towards improved outcomes for high-need youth in regions of high unemployment. This includes working with community organisations, industry partners, and enterprises to achieve locally impactful outcomes.

This RFP presents an opportunity to deliver outcomes-focused solutions to addressing youth unemployment.

Youth (15 to 24 year olds) are overly represented among the unemployed. It is also particularly high in some regions, including parts of Western and Southern Sydney, the Southern Highlands and the Shoalhaven, the Illawarra, the Central Coast, Newcastle and the Hunter, the Central West, the Far West, and the Murray Region. Unemployment is also concentrated among disadvantaged groups such as Aboriginal youth and homeless youth.

There are a range of programs at the Federal and State level seeking to address youth unemployment. OSII is seeking to stimulate complementary solutions that encourage innovation and partnerships to improve outcomes for particularly high needs groups that may not be served by existing programs. Core to social impact investment is delivering comprehensive wrap around services at earlier stages, as an 'investment' towards better long-term outcomes for clients. OSII is committed to robust evaluation of all programs, so that we can build the evidence base of what works in achieving outcomes.

OSII is also open to receiving social impact investment proposals in other priority issue areas.

OSII encourages proposals in other areas that are a high priority for the NSW Government and are aligned to OSII's evaluation criteria and principles.



Refer to [Premier's Priorities and NSW State Priorities](#).

OSII seeks to deliver a range of social investment models in NSW.

It is important to note that social impact investments are not limited to social benefit bonds. To date, we have delivered three social benefit bonds, and two payment by results arrangements.

The NSW Government encourages proposals for various investment models that involve risk sharing among participants. While Government payments must be linked to the achievement of outcomes, we note that there are a range of complementary funding models and approaches such as social enterprise and philanthropy. In addition to social benefit bonds and payment by results contracts, we are also open to:

- incentive payments
- layered investments
- pooled investments.

OSII is building on our lessons learnt to deliver investments in a more streamlined way, which is also more accessible to a range of for-purpose organisations.

OSII recognises that some smaller, locally based organisations have the best understanding of how to improve outcomes in their communities. Many of these organisations do not have the resources to engage in what are considered complex investment structures. OSII is working to simplify and streamline processes where appropriate to make social investment more accessible and relevant to a broader range of organisations.

As part of that process, this RFP has included a more specific question format and is accompanied by a template financial model. It should be noted that this template may not be appropriate for all proposals, and it is not required to be used by proponents. We are open to innovative financial models which do not match this template.

OSII will solicit feedback on this approach later in the year as we continue to refine and improve our processes.

1.2 Purpose of this document

The purpose of this document is to:

- outline the background to the RFP
- define the terms, conditions and processes for submitting a proposal
- explain the anticipated process and timeframe for evaluating proposals and selecting preferred proponent(s)
- inform proponents on what should be included in proposals
- provide information on the focus policy areas to help prepare proposals.

1.3 Governance of the RFP process

The RFP process will be overseen by a steering committee of senior officers from the Department of Premier and Cabinet, the Treasury and other relevant NSW Government agencies ('line agencies').

The steering committee will appoint an evaluation panel ('the panel') to assess all proposals received through the RFP process. The panel will assess proposals against the evaluation criteria set out in this document (refer [Section 4](#)). During the assessment process, the panel may ask proponents to clarify aspects of their proposal or provide more information. The panel may also contact other government agencies to verify a proponent's capability (i.e. reference checks).

Based on the outcomes of evaluation, the panel will then form a shortlist of proponents. At the discretion of the panel, shortlisted proponents may then be invited to attend an interview for further clarification of components from their RFP proposal.

The panel will then submit an evaluation report to the steering committee, which may recommend that one or more proposals should proceed to the joint development phase (JDP). The steering committee may then recommend the NSW Government enter into a JDP agreement with one or more proponents.

2. CONDITIONS OF SUBMITTING A PROPOSAL

2.1 Eligibility to respond

Proposals must be submitted by a legal entity (or entities in the case of a joint proposal or consortia) with the capacity to contract. Where there is a joint proposal, references to a proponent or preferred proponent should include all parties to the proposal.

The NSW Government will only enter into an agreement with an entity that has an Australian Business Number (ABN) and is registered for GST. Proponents must state their ABN and GST status in their proposals.

A proponent may submit more than one proposal, and each proposal will be considered independently. Intermediaries and consultants are permitted to be party to more than one proposal, provided there are adequate processes in place to manage conflicts of interest.

2.2 Process to develop and implement a transaction

The process for developing and implementing a social impact investment with the NSW Government includes:

1. Request for proposal (RFP)

This RFP seeks innovative proposals for social impact investments to deliver better services and/or infrastructure, to improve social outcomes for individuals and communities in NSW. All proposals will be assessed against evaluation criteria (refer [Section 4](#)) by an evaluation panel. Based on the evaluation scores of proposals, and recommendations from the panel, the steering committee may recommend the NSW Government to enter into a JDP with one or more proponents. Proponents will be notified in writing of the outcome of their proposals in November 2017.

2. Joint development phase (JDP)

The preferred proponent/s will be invited to enter into a JDP with the NSW Government. As the contracting entity, the relevant line agency is likely to lead the JDP, with support from OSII.

The purpose of the JDP is to develop proposals to a level suitable for contracting. Responses to this RFP will form the basis of the JDP, but proposals may evolve.

The JDP features a high degree of collaboration and negotiation to develop an investment structure that satisfies all parties. Matters expected to be negotiated during this JDP are set out

below (see below [Implementation Agreement](#)).

A JDP agreement between the preferred proponent and the NSW Government will be executed prior to starting the JDP. The JDP agreement governs the terms of the relationship between the preferred proponent and the NSW Government, and will address matters including:

- ownership of any intellectual property generated during the JDP
- the process for negotiating and reaching agreement on the [Implementation Agreement](#)
- the dispute resolution process
- termination and the sharing of information between the preferred proponent and NSW Government.

A [sample JDP agreement](#) is available on the OSII website. Please review this document carefully before you submit your proposal as you will be expected to sign the JDP agreement should you be selected as a preferred proponent. Please identify in your proposal any concerns you may have with the standard terms of the agreement.

The NSW Government estimates the JDP will take about six months. At the end of the JDP, the NSW Government representatives from the JDP team will review the final proposal against the evaluation criteria of the RFP and recommend to the steering committee whether to proceed with implementation. The committee will then decide whether to recommend to the NSW Government to enter into an Implementation Agreement with the preferred proponent.

If a proposal is subsequently shown to be unviable through the JDP, another proposal from the RFP process may be brought forward and a further JDP agreement negotiated with the relevant proponent. However, the NSW Government may instead decide to open the next RFP. In this case, proposals from previous RFP rounds may be resubmitted.

Any costs, losses or expenses incurred by proponents during the RFP and JDP processes must be met by the proponent themselves. Such costs include, but are not limited to, expenses incurred by the proponent in preparing and submitting its proposal(s), attending meetings and providing further information, or engaging advisors.

 Refer to the [Office of Social Impact Investment website](#) for a sample JDP agreement and Implementation Agreement.

Note: Selection as a preferred proponent through the RFP process and entering into a JDP agreement with the NSW Government is not a guarantee of proceeding to an Implementation Agreement.

The likely social impact and value for money of proposed investments will be crucial in determining whether to proceed with implementation. Proposals must represent an effective use of public funds, relative to other non-social impact investment funding options available to the NSW Government for the same improvement in outcomes.

3. Implementation Agreement

An Implementation Agreement will be negotiated with the preferred proponent as part of the JDP. The Implementation Agreement is expected to include:

- details of the target cohort, including location and referral arrangements
- contract duration and any extension provisions
- ownership of intellectual property from the transaction
- details of targets, comparison groups if appropriate, and other measurement arrangements
- payment triggers
- a payment schedule covering performance scenarios (expected, below expected, good performance and over-performance)
- allocation of risk between parties to the investment
- dispute resolution provisions including a mechanism to resolve client issues
- break clauses for all parties
- any options for re-contracting at the conclusion of the contract term
- details of any evaluation.

The relevant NSW Government agency will enter into an Implementation Agreement with the preferred proponent following approval by the NSW Government. A sample JDP Agreement and Implementation Agreement, along with other sample legal documents that may be needed for social impact investments with the NSW Government, are available on the [Office of Social Impact Investment website](#). The NSW Government envisages that any negotiation in relation to the terms of these documents will be limited.

3. SUBMISSION REQUIREMENTS

3.1 Format of submissions

Each proposal should respond to the submission questions set out in 3.2 below. Submissions may include additional attachments as appropriate, but submissions must be no longer than **30 pages in length** (including appendices). Each submission should include a basic financial model that supports the responses under the financial viability section. Where proposals exceed 30 pages, the panel will not consider information in the additional pages. Font size is to be a minimum of 11 point and all pages must be A4. All financial information must be in Australian dollars.



For more guidance on what is required in proposals, please refer to the [Lessons from the 2015 requests for social impact investment proposals](#), which sets out observations and lessons from previous RFPs.

3.2 Submission questions

Question	Supporting notes
Question 1: Social Issue & Impact	
1) What is the social issue your proposal seeks to address? What outcomes do you seek to make?	Describe the current state of the social issue. Please use data that is specific to your region and cohort where possible (e.g. current unemployment rates for your cohort in the proposed region). Describe the social outcomes you are hoping to achieve (i.e. what are the changes in people's lives you want to see?) Note – submissions must have the potential to deliver social outcomes that are achievable and can be measured in terms of social and financial benefits.
Question 2: Target cohort	
2a) Cohort definition: how will the client group ("intervention group") be identified and defined?	Proposals should outline clear and objective eligibility criteria for the Intervention Group. Please be specific about the characteristics of the proposed intervention group, (e.g. age, location, demographics). What evidence will be used to determine eligibility, and who will be responsible for managing eligibility?
2b) Cohort size: how many people will be in the intervention group over the life of the project?	Proposals should outline total cohort size, explaining any annual variations or scaling up of the program. Proposals should also include the evidence that supports these suggested numbers. Note – there is no minimum cohort size per se, however, small cohorts are harder to demonstrate robust measurement of outcomes, and smaller transactions will need to justify transaction costs. (To date, the cohort size of social impact investments in NSW have ranged between approximately 300 – 8,000 people over the course of the investment).
2c) Referral route: how will the intervention group be referred to the program?	Proposals should define an efficient and objective referral process, including consideration of those who decline to participate. Proponents should identify relationships with relevant referral government agencies and/or local partners.

Question 3: Proposed service	
3) What is the proposed intervention to be delivered?	<p>Please describe the service to be provided, including detailed roles of proposed partners and delivery locations.</p> <p>Please be clear what services/partnerships are pre-existing, and what will be developed as part of this proposal.</p> <p>Proposals should demonstrate how the service or program incorporates nationally or internationally accepted best practices for successful interventions in the policy area.</p>
Question 4: Additionality	
4) How does the proposed program complement existing services?	<p>Please specify how the service addresses an unmet need or targets those not currently accessing services. Proposals should also outline any plans to partner with existing local services to maximise effectiveness and minimise duplication.</p> <p>Refer to Appendix 1 for an overview of some key programs relating to youth unemployment.</p>
Question 5: Measurement	
<p>Impact measurement is an essential component of social investment as payments from Government are made on the basis of demonstrable outcomes achievement. As such, outcomes need to be clearly defined, accurately quantified and, where appropriate, independently verified.</p>	
5a) Outcomes: what outcomes does your intervention seek to achieve?	<p>Outcomes are changes in attitudes, values, behaviours or conditions. They are changes that occur between a baseline and subsequent points of measurement. These changes can be immediate, intermediate or long-term. For example, a program may deliver an improved education outcome (intermediate outcomes) in advance of a sustained employment outcome (long term outcome). A sound program logic should also be provided.</p>
5b) Data source: what data source/s do you plan to use to demonstrate your outcomes?	<p>It is highly preferable to use an existing, robust data source for assessing outcomes attainment. Proponents should consider the costs and practical steps for collecting the data required.</p>
5c) Outcomes payment metrics: what are the specific metrics that you propose using to trigger outcomes payments?	<p>Outcome payment metrics should be simple, and avoid perverse incentives. For example, a binary metric of reoffending (i.e. a person did or did not reoffend) could discourage a service provider from working with prolific offenders, whereas a frequency metric (i.e. the rate at which a person reoffends) may encourage service providers to reduce the reoffending of prolific offenders.</p>
5d) Control group or baseline: what will you compare your outcomes against in order to determine how successful your intervention has been?	<p>To understand the success of your program, it is important to compare outcomes against what would have happened without your intervention. This is so outcomes can be attributed to the program and minimise the influence of other environmental factors. Options for assessing performance include: randomised control trials, 'real time' or live comparison groups, or robust (recent) historical baselines.</p>

Question 6: Social outcomes	
6a) What level of change in outcomes do you anticipate achieving?	For instance, we will deliver a 30% increase in sustained employment (measured over a 26 week period), relative to a matched comparison group.
6b) What non-financial benefits do you expect will accrue from the program?	For instance, include the benefits experienced by individuals and the community.
Question 7: Evidence	
7) What evidence is available to support your outcomes targets?	Proposals should outline at a high level the evidence base (e.g. from similar interventions, academic research) that has led to suggested social outcomes targets (as per question 6a).
Question 8: Organisational capacity / skills	
8) What skills/ experience does your organisation bring to successfully deliver this proposal?	<p>Please provide supporting evidence of:</p> <ul style="list-style-type: none"> • delivering similar programs and achieving agreed outcomes; • effectively managing partnerships with government, investors or other partners; • capability to administer all aspects of the proposed investment, including service delivery, managing partnerships, IT systems, financial management and data collection
Question 9: Financial assessment	
Social impact investments seek to deliver an appropriate sharing of risks and benefits across the government and non-government sectors.	
9a) Economic benefits: which Government departments (Local, State and Commonwealth) benefit financially from improvements in the targeted outcomes?	<p>Proposals should identify how an improvement in outcomes will generate savings to Government and over what time period these savings accrue.</p> <p>Please note - savings to the State are most relevant to developing the value proposition for NSW Government.</p>
9b) Value proposition: Describe the value proposition for government, your organisation, and investors (if relevant) to deliver your program.	<p>Please include a cost/benefit assessment for various stakeholders under a range of scenarios (expected case, downside case, upside case), and explain the proposed distribution of economic returns.</p> <p>Please ensure that your accompanying financial model supports your value proposition response.</p>
9c) Funding source: how will you fund the working capital for service delivery in advance of any outcomes payments made by Government?	<p>Funding sources could include: organisation reserves, philanthropy, revenue generating activities (e.g. social enterprise), or other external investment.</p> <p>Where external investment is envisaged, please describe the basic investment structure, and how you plan to raise the capital required.</p>

Government standing charges

With many international bond models, all risk is transferred to investors. This has not been the case with social impact investments in NSW. Recognising the early stages of the social impact investment market, the NSW Government provided a 'standing charge' or payment to improve the risk profile for investors in the Newpin and The Benevolent Society social benefit bonds. The standing charge in the bonds is approximately 50 per cent of the service delivery costs. The level of standing charge, if necessary at all, will be determined on a case-by-case basis.

The standing charge is not a government guarantee to investors but an early payment that is deducted from the amount due from the NSW Government in outcomes payments. Standing charges may be structured as a one-off payment or as regular payments throughout the life of the contract. They enable an appropriate risk/return profile for the investors sought in the particular proposal. It is important that standing charge arrangements give the NSW Government an appropriate risk profile in the context of the risk allocated to investors and the proponent.

3.3 Additional information

a) Background information

The following requested information is mandatory. Proposals must outline the organisation (or organisations) involved in the proposal, as well as key personnel who will be involved in the JDP if the proposal is successful through this RFP. Contact details must also include:

- Trading name and ABN for each organisation involved in the proposal.
- Type of legal entity for each organisation involved in the proposal.
- GST status for each organisation involved in the proposal.
- Business address for each organisation involved in the proposal.
- Details of nominated contact person for the proposal. This should be one person for each proposal who is authorised on behalf of all participating organisations to be the contact person for the proposal.
- The contact details for any advisors to the proposal and their role/responsibilities in developing the proposal.

The evaluation panel's nominated contact officer (or that officer's nominee) may contact proponents during the assessment process to clarify elements of proposals and/or seek further information. The proponent's nominated person will be contacted in the first instance for all such communication.

b) Basic conditions

In addition to meeting the social impact criterion, proposals must also meet the basic conditions set out below to be eligible for assessment:

- Proponents must provide contact details for at least two independent referees. If possible, referees should have experience of previous work done by the organisation(s) involved in the proposal. The panel may contact referees at its discretion. If deemed necessary and justified,

the panel may also seek additional referees.

- Proponents are required to disclose any existing contracts (with the NSW Government or other entities) in areas that may be relevant to the proposal.
- If selected as a preferred proponent through this RFP process, proponents must be willing to participate in the JDP according to the terms of the JDP agreement.

The panel may, at its absolute discretion, exclude proposals that fail to meet these basic conditions from this RFP process without further consideration.

4. EVALUATION

Proposals will be assessed against the evaluation criteria listed below. Proposals will need to address all criteria to a high standard to be considered suitable for a social impact investment.

Evaluation criteria	Submission Questions	Weighting
1. Demonstrates social impact (PASS / FAIL) <ul style="list-style-type: none"> • Measurable individual or community social benefits will be delivered 	1	Pass / fail
2. Service offering <ul style="list-style-type: none"> • Clearly defined target cohort • Well developed service model and partnerships • Clear articulation of additionality and innovation 	2,3,4	25%
3. Robust measurement <ul style="list-style-type: none"> • Clearly defined outcomes • A robust, accessible data source • Appropriately defined outcome payment metrics • Clear methods for determining performance 	5	25%
4. Likely to achieve outcomes <ul style="list-style-type: none"> • Social outcomes • Evidence • Organisational capacity / skills 	6,7,8	25%
5. Financial assessment <ul style="list-style-type: none"> • Cost savings to Government • Value proposition to various stakeholders • Availability of funding 	9	25%

4.1 Lodgment of proposals

Proposals (including all supporting information, if any) must be fully received by 9:00am AEST on 18 September 2017.

Late proposals will not be considered except where the panel is satisfied that the integrity and competitiveness of the RFP process has not been compromised. The panel will not penalise any proponents whose proposal is received late if the delay is due solely to mishandling by the NSW Government.

4.2 Electronic proposals

All proposals must be submitted electronically on <https://tenders.nsw.gov.au> and will be treated in accordance with the *Electronic Transactions Act 2000* (NSW).

A proponent, by electronically lodging their proposal, is taken to have accepted the conditions shown in the conditions and rules on the Department of Finance, Services and Innovation (DFSI) tenders website at <https://tenders.nsw.gov.au/commerce>, and to have accepted the conditions set out in this RFP document.

Signatures are not required but the proponent must ensure that a proposal is authorised by the person or persons who may do so on behalf of the proponent, appropriately identifies the person, and indicates the person's approval of the information communicated.

Electronically submitted proposals may be made corrupt or incomplete, for example, by computer viruses. The NSW Government may decline to consider for acceptance a proposal that cannot be effectively evaluated because it is incomplete or corrupt. Proponents must note that:

- To reduce the likelihood of viruses, proposals should not include any macros, applets, or executable code or files.
- Electronically submitted files should be free from viruses and should be checked using an up to date virus-checking program before submission.

The NSW Government will not be responsible in any way for any loss, damage or corruption of electronically submitted proposals.

If a proponent experiences any persistent difficulty with the DFSI tenders website in submitting a proposal or otherwise, they are encouraged to advise the OSII promptly by email to socialimpactinvestment@dpc.nsw.gov.au.

Proponents may break down the lodgment of large proposals into smaller packages if clearly identified (e.g. Package 1 of 3) and must provide clear directions as to whether the lodgment is:

- supporting information
- a further part of the proposal that has previously been lodged.

4.3 Extension of closing date and closing time

The NSW Government may, in its absolute discretion, extend the closing date and closing time of this RFP.

If there is an extended defect or failure of the DFSI tenders website or e-Tendering system and the NSW Government is advised as indicated above, the closing date and closing time may be extended if the NSW Government is satisfied that the RFP process will not be compromised by such an extension.

4.4 Ownership of proposals

All proposals become the property of the NSW Government on submission. The NSW Government may make copies of the proposals for any purpose related to this RFP.

4.5 Confidentiality

Any information received by the proponent in connection with the RFP, in whatever form it is received, is confidential to the State of NSW. The proponent must not use or disclose to any person such information, in whole or in part, except to the minimum extent necessary for the purposes of preparing its proposal. The proponent may disclose such information to a bona fide independent consultant retained by the proponent for the purposes of preparing or submitting their proposal.

Without limitation, the proponent will not in any way publicise that they propose to submit or that they have submitted a proposal or the content of any proposed or submitted proposal in response to this RFP. The proponent and their personnel must not at any stage make any public statement or in any way disclose information about the RFP process or any aspect of that process, including selection for entry into any JDP or Implementation Agreement under this RFP, to any person without the express written permission of the NSW Government.

The restrictions under the above paragraphs do not apply to the extent that:

- the information is generally available to the public (other than as a result of the wrongful disclosure by the proponent)
- the information is required to be disclosed by any law or under the lawful compulsion of any court, tribunal, authority or regulatory body.

Failure to comply with these confidentiality requirements may be taken into account by the NSW Government when considering the proponent's proposal and may result in the proposal being passed over.

4.6 Variations to proposals

At any time after the closing date and closing time, and before the NSW Government accepts any proposal for entry to the JDP, a proponent may vary its proposal:

- by providing the NSW Government with further information by way of explanation or clarification but not by way of introducing new information, as noted below

- by correcting a mistake or anomaly
- by documenting agreed changes negotiated.

Such variation may be made either at the request of the NSW Government or with the consent of the NSW Government at the request of the proponent, but only if:

- in the case of a variation requested by the proponent to provide information by way of explanation or clarification or to correct a mistake or anomaly, it appears to the NSW Government reasonable in the circumstances to allow the proponent to provide the information or correct the mistake or anomaly
- in the case of a variation to document agreed changes negotiated, the NSW Government has confirmed that the draft documented changes reflect what has been agreed.

If a proposal is varied in accordance with the above provisions, the NSW Government will provide all other proponents whose proposals have similar characteristics with the opportunity to vary their proposals in a similar way.

The NSW Government may refuse a request to vary a proposal. Variations will not be permitted if the NSW Government is satisfied that:

- it would substantially alter the original proposal and would give a proponent an unfair advantage over other proponents
- in the case of a variation requested by the proponent to provide information by way of explanation or clarification or to correct a mistake or anomaly, it would result in the revising or expanding of a proposal in a way that would give the proponent an unfair advantage over the other proponents.

4.7 Non-complying proposals

A proposal that does not address the requirements of section 3 (format of submissions) above may be considered non-compliant. Before making any determination as to acceptance or rejections of a proposal, the OSII (in its role as compliance assessors) may, provided it is satisfied that the integrity and competitiveness of the RFP process has not been compromised, give a proponent of a non-complying proposal the opportunity to rectify any non-compliance.

4.8 Acceptance or rejection of proposals

It is not intended by the NSW Government or the proponent that the issuing of this RFP or a submission of a proposal to it commits, obligates or otherwise creates a legal relationship in respect of entering into a contract with that party.

The NSW Government is not bound to select any proposal for participation in the JDP or for implementation. If the NSW Government rejects all proposals received, it may invite fresh proposals based on the same or different criteria.

Selection of a proposal for participation in the JDP will be subject to the issue of a letter of selection to the preferred proponent and entry into a JDP agreement. Entry into a JDP agreement must not be construed as an indication or representation to the proponent by the NSW Government that the proponent will be selected as the successful proponent and that an

Implementation Agreement will be entered into with the proponent to give effect to the social impact investment proposed.

The NSW Government will not, in any circumstances, be responsible for any costs incurred by a proponent arising out of or in connection with the RFP including without limitation:

- in preparing and submitting a proposal
- participating in the JDP
- not being selected as the successful proponent
- discontinuance of this RFP.

4.9 Communication / Clarification

The NSW Government acknowledges that information gaps may exist, and further information may be required by proponents to develop proposals in response to this RFP. The NSW Government may be able to provide additional information in response to queries about specific proposals. Any such queries should be directed to the OSII by email to socialimpactinvestment@dpc.nsw.gov.au. Requests for additional information must be received before 5pm AEST on 8 September 2017.

Information the OSII can and cannot provide is listed below:

We can:	We can't:
<ul style="list-style-type: none"> • provide general information about social impact investing 	<ul style="list-style-type: none"> • develop and implement proposals outside a formal RFP process
<ul style="list-style-type: none"> • provide general information on NSW Government activity and priorities in social impact investing 	<ul style="list-style-type: none"> • give detailed advice or feedback on proposals prior to or during a formal RFP process
<ul style="list-style-type: none"> • provide information on RFP processes, timing and requirements 	<ul style="list-style-type: none"> • advocate or promote potential proponents or their proposals to other government agencies and market participants.
<ul style="list-style-type: none"> • facilitate contact with other NSW Government agencies and market 	
<ul style="list-style-type: none"> • consider and facilitate information and data requests. 	

Any additional information made available in response to a request will also be distributed to all persons who have registered an interest in the RFP (via the DFSI tenders website) and posted at <https://tenders.nsw.gov.au/> for access by all interested parties.

If a question is not of a general nature, but relates to proprietary aspects of a proposal, proponents must identify the question(s) as such. If, in the opinion of the State, the question is not proprietary in nature, the relevant proponent will be advised and will have the option to withdraw the question(s). If the proponent continues to request a response, the question(s) and the response may be circulated to all recipients of this RFP.

4.10 Ethical conduct

Proponents must comply with the requirements of the NSW Department of Premier and Cabinet [Business Ethics Statement](#).

A proponent's proposal may not be considered further if a proponent or any of its officers, employees, agents or subcontractors is found to have:

- offered an inducement or reward to any public servant or employee, agent or subcontractor of the NSW Government in connection with this RFP or the submitted proposal
- committed "corrupt conduct" within the meaning of the *Independent Commission Against Corruption Act 1998 (NSW)*
- a record or alleged record of unethical behaviour, or not complied with the requirements of the Business Ethics Statement referred to above.

The NSW Government may, but is not required to, invite a relevant proponent to provide written comments within a specified timeframe before the NSW Government excludes the proponent and its proposal on this basis.

Proponents must disclose any conflicts of interests in their proposal.

4.11 Probity

The NSW Government has engaged a probity adviser for the duration of the evaluation process.

The probity adviser is not a member of the evaluation panel but an independent observer of the evaluation process. The probity adviser will not be involved in the evaluation of any proposals.

Proponents who have any concerns about the conduct or probity of the RFP process should, notwithstanding any other restrictions contained in this document, promptly bring their concerns to the attention of the probity adviser.

The probity advisor's contact details are:

Michael Shatter
RSM Australia
Phone: (03) 9286 8166
Mobile: 0409 808 639
Email: michael.shatter@rsm.com.au

4.12 Exchange of information between NSW Government agencies

By lodging a proposal, the proponent will authorise the NSW Government to make information available, on request, to any NSW Government agency. This includes information dealing with the proponent's performance on any prior contract that has been awarded. Such information may be used by the recipient NSW Government agency for assessment of the suitability of the proponent for pre-qualification, selective tender lists, expressions of interest or the award of a contract.

The provision of the information by the OSII to any other NSW Government agency is agreed by the proponent to be a communication falling within section 30 of the *Defamation Act 2005 (NSW)*, and the proponent shall have no claim against the OSII and the State of New South Wales in respect of any matter arising out of the provision or receipt of such information, including any claim for loss to the proponent arising out of the communication.

4.13 Disclosure information

Following the NSW Government's decision, the proponent will be notified in writing of the outcome of their proposal. Details of this proposal and the outcome of the RFP process will be disclosed in accordance with the [Government Information \(Public Access\) Act 2009](#) and the [Premier's Memorandum 2007-01](#) which requires proactive disclosure of information, including information relating to procurement.

4.14 Anti-competitive conduct

Proponents and their representatives must not engage in any anti-competitive conduct or any other similar conduct with any other person in relation to their participation in the tendering process. Any breaches of these requirements may result in a proponent being removed from the tendering process.

4.15 Anti-lobbying, improper interference and solicitation

Proponents and their representatives are prohibited from engaging directly or indirectly in lobbying, improper interference or solicitation of the Government, including but not limited to Ministers, and their advisers, Members of Parliament, public servants and Department representatives and Government's advisers with respect to any aspect relating to the proposal process or any activities which are likely to give rise to the perception that they have engaged in lobbying, improper interference or solicitation of the Government or its advisers. Any breaches of these requirements may result in a Proponent being removed from the process.

4.16 Discretion of the State (NSW Government)

The State reserves the right at any time and on any grounds to:

- amend the proposal documents
- re-advertise for new proposals
- terminate at any time further participation in the process by any or all proponents
- amend or terminate the proposal and/or JDP process
- extend the closing date for RFP proposals
- extend the closing date for clarification questions
- require additional information, clarification or further offers from any proponent

- invite one or more proponents for an interview as required
- elect not to select any proponent as preferred proponent
- withdraw the formal RFP process
- take such other action as it considers, in its absolute discretion, appropriate in relation to the tendering process.

The State may, at any time following receipt of proposals, request one or more of the proponents to supply any further information or clarification concerning a proposal which the State considers necessary or desirable.

The State reserves the right to seek clarification, verification and additional information concerning the proposal or the proponent from third parties and the proponent authorises the State to do so.

5. APPENDICES

A. Addressing youth unemployment

A. Addressing youth unemployment

1. Overview

Each year, a large number of Australian youth aged 15 to 24 prepare to enter the labour market, but evidence shows that they are finding it harder to gain and keep employment (CSIRO, 2015). In NSW, these young people experience both unemployment and underemployment at a higher rate than the overall working population. At May 2017, the NSW youth unemployment rate was 11.9 per cent, over twice the working age unemployment rate of 5.0 per cent for non-youth groups.¹ The most recent figures from the Australian Bureau of Statistics (ABS) estimates that more than 70,000 youth in the NSW labour market were unable to gain employment (ABS, 2017).

We know from studies in Australia and internationally that unemployment and underemployment are key barriers to youth becoming independent.² The longer youth remain underemployed or unemployed, the greater at risk they are of being unable to secure stable employment in the future, and the more likely they are to become welfare dependent and experience negative social and financial outcomes (Gregg et al. 2004; Kawaguchi et al. 2014; Mroz et al. 2006).

Various social and economic challenges put youth at a higher risk of becoming long-term underemployed or unemployed. Such challenges include alcohol and other drug abuse, criminal behaviour, homelessness, coming from a family background of joblessness, having limited access to education or transport, and lacking general work experience and job-specific skills. Many of these barriers are often interconnected, compounding the risk of a young person facing long-term unemployment (CSIRO, 2015; Choudhry et al., 2012; Social Ventures Australia, 2016).

The NSW Government is interested in social impact investment proposals to help vulnerable youth transition into sustainable employment. We are particularly interested in interventions that will address gaps in current service provision, and integrate training, work and personal skills programs for especially vulnerable youth. These interventions should complement and build on existing NSW and Commonwealth Government programs.

Interventions to address youth unemployment will necessarily involve partnerships between the provider and other parts of the community, such as local employers, non-government and government agencies, and Registered Training Organisations, among others.

2. Potential Cohort

While most youth successfully navigate the journey to independence, there are groups of youth who may experience difficulties and require additional support. We are particularly interested in social impact investment proposals that aim to support at-risk groups such as:

- youth in or leaving the juvenile justice system (both custodial and community)
- youth leaving out-of-home care
- youth in social housing

¹ These are non-seasonally adjusted 12 month moving average unemployment rates.

² Youth unemployment, for the purposes of this document, is defined as unemployed or underemployed individuals aged between 15 and 24 years. Youth may be unemployed as well as studying full- or part-time in high school, post-secondary education or vocational education and training. This document will focus on youth who are not only unemployed, but are experiencing or at risk of long-term unemployment.

- youth who are not engaged with education or employment
- youth who are homeless or at risk of homelessness
- Aboriginal youth.

These youth are more likely to experience unemployment, and for longer periods, than their peers. They would benefit from additional support due to the complex set of barriers they face including:

- disability, or having a mental health condition that reduces their capacity to participate in education or employment
- experiencing a high frequency of housing instability or homelessness
- poor health and wellbeing
- a history of offending
- a history of alcohol and/or drug abuse
- experiences of violence including domestic violence that results in trauma and/or contact with the child protection system
- a lack of family support
- low exposure to positive role models (e.g. individuals may come from families with a history of inter-generational joblessness, or low education attainment)
- coming from a low socioeconomic background
- lack of access to services and resources including career guidance, skills training and information on employer expectations.

Data on the characteristics of these youth groups are provided in Section 7 below. We are also open to proposals which aim to support vulnerable youth outside these areas.

3. Intended Outcomes

3.1 Outcomes Sought

For this priority area, the primary goal is to enable vulnerable youth to make the transition to the workforce and/or sustained employment.

We are also interested in improving additional outcomes such as:

- completing secondary school education and/or a recognised qualification
- acquiring work experience
- gaining social and economic wellbeing and independence
- reducing interactions with the justice system
- reducing the risk of youth homelessness.

3.2 Outcome Measures

The outcome measures for social impact investments should be linked to the future economic savings to Government. It is important that there are robust and reliable data sources available for assessing progress against outcome measures.

Various measures could be used to determine the extent to which the intervention improves the employment and life outcomes of participating youth. Table 1 below provides a non-exhaustive guide on possible outcome measures that could be used. As the selection of measures will depend on the focus of the proposed intervention itself, we are open to other measures not listed below.

Table 1: Possible outcomes and measures for interventions addressing youth unemployment

Possible outcomes and measures for interventions addressing youth unemployment			
Primary Outcome: Youth successfully transition into sustainable employment	Additional outcome: Youth improve their education, training and/or job-readiness levels	Additional outcome: Youth avoid relapse or readmissions into intensive acute services	Additional outcome: Youth improve their individual wellbeing
<ul style="list-style-type: none"> • <i>Possible outcome measures:</i> • Increase in time spent in sustainable employment: this could be defined as the number of hours worked in full-time, part-time or casual work. To capture if the employment is sustainable, measurement could occur at intervals after the intervention (e.g. 26 weeks) and be compared to employment levels before the intervention. This may also include traineeships. • Increase in employment income: this could be an indicator of being able to secure more work, or work at a higher pay level, during or after participating in the program • Reduction in average time looking for work before finding employment: this could be an indicator of the ability of the program to assist youth with the transition into the workforce (possibly from time of entry into the program, or from the time after completing a qualification through the program) • Decrease in welfare payments paid to youth in the intervention • Increase in number of youth establishing their own businesses 	<p><i>Possible outcome measures</i></p> <ul style="list-style-type: none"> • Increase in completion rates of job-readiness training that leads to work or job placements • Improved and sustained school attendance rates and engagement in schooling • Increase in minimum standards of literacy, numeracy and IT skills • Achievement of school and/or vocational qualifications, such as the HSC • Increase in admission rates into university or TAFE • Increase in the rate of work experience achieved and connections made with employers and mentors. 	<p><i>Possible outcome measures</i></p> <ul style="list-style-type: none"> • Improvement in physical and mental health levels: this could be measured by reduced hospital or other service re-admission rates, change in days spent in care, or assessing changes to ambulance trips • Reduction in re-offending or re-incarceration rates: this could be measured by assessing the reduction in cautions, court events for individuals or changes to length of sentences • Reduction in the use of acute social housing services: this could be measured by the decrease of youth on the social housing wait list; the increase in the number of successful transitions from crisis Specialist Homelessness Services to long-term accommodation, or the increased exit rate from the social housing system. 	<p><i>Possible outcome measures</i></p> <ul style="list-style-type: none"> • Increase in connectedness to community and overall levels of confidence, including: <ul style="list-style-type: none"> o Increased participation in community activities o Increased participation in voluntary projects, o Increased ability to make friends and sustain social relations o Decrease in feelings of nervousness o Increased feelings of safety • Increased accessibility to food, affordable transport, and required work clothing and/or equipment • Increased accessibility to financial support and services while searching for employment

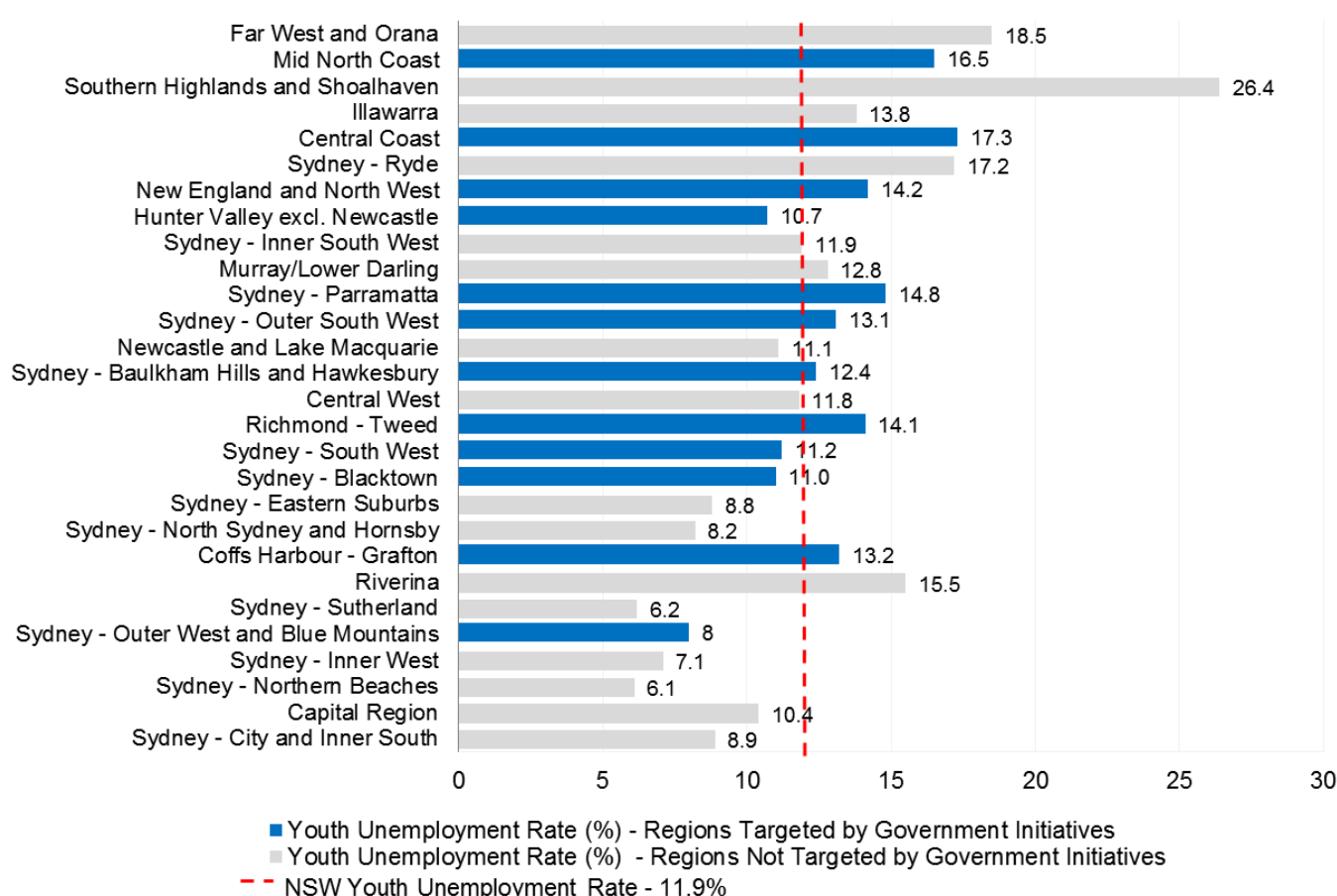
4. Potential locations

Since youth unemployment varies by location, we are open to considering social impact investment proposals that focus on addressing youth unemployment in specific NSW locations. We expect that proponents would target regions with high levels of youth unemployment. Figure 1 below shows the youth unemployment rates for the 28 different regions of New South Wales as at May 2017.

As detailed in Section 6 below, it is important that proposals complement existing Government programs and services. The blue columns in Figure 1 depict regions that expect to be targeted by NSW and Commonwealth Government initiatives. The grey columns depict regions that are not expected to be targeted by NSW and Commonwealth government initiatives. Whilst no region is excluded from consideration, proposals must demonstrate an understanding of the existing landscape and how the proposed intervention is additional to current services.

There are several local initiatives in NSW regions that could also be complemented or built on, including in the Central West and Orana, Illawarra and South East and Tablelands. Details of these initiatives can be found in Section 7 below.

Figure 1: Youth Unemployment Rate, by region (12 Month Average, May 2017)



5. Principles for effective interventions

Vulnerable youth have a diverse range of experience and needs, and evidence suggests that the most effective interventions are those which respond to the different needs of each youth group (Kluve et al. 2016). In addition to offering employment and education pathways, interventions which provide additional wrap-around support services such as training, counselling, intermediation, and income support are encouraged. We also encourage collaboration between service providers and cross sector partnerships at the community level.

5.1 Addressing gaps in youth unemployment services

For youth at risk of long-term unemployment, possible approaches that are attractive for social impact investments and would help to address gaps in current service provision might include:

- integrated training, work and personal skills programs for at-risk youth, such as in 'work integration social enterprise' models (Buckingham and Teasdale, 2012; Fowkes and Middleton, 2012)
- wrap-around packages of support and facilitated access for youth not in employment, education or training
- demand led programs that work with employers to design supported employment pathways
- programs targeted specifically at sustainable employment outcomes for Aboriginal youth.

The Social Policy Research Centre's 2015 report 'Unpacking Youth Unemployment' (Skattebol et al, 2015) suggests that good practice in programs that aim to address youth unemployment can involve:

- tailoring to particular needs
- building genuine caring relationships
- trusting facilitation of relationships and investment between youth services, education and employment or other services, and employers
- professional support for non-youth/social worker staff and partners ensures they are well matched, have clear realistic expectations and have appropriate information on pathways
- running for over three months and include integrated follow-up post intervention
- systematic post-placement or participation support for participants
- investment and partnerships with organisation that offer service beyond the remit of education and employment services
- effective data and monitoring systems to consistently measure participant outcomes and destinations to inform the program.

5.2 Transition from education and training to employment

Interventions could begin while the young person is still in school but at risk of a poor transition into the workforce, or they could begin after the individual has disengaged from education and/or training. To ensure sustainable outcomes are being achieved, interventions would most likely need to continue in some form until the young person has achieved and/or sustained employment. Payments in any social impact investment depend on such measured outcomes.

6. Avoiding duplication with other programs and initiatives

To enable a viable social impact investment, it is important for any intervention to complement rather than duplicate or overlap with existing programs and services that are also targeted at the same cohort. For example, if a participant in the intervention is already accessing other, similar services, it will be difficult to attribute participant progress in the agreed outcomes. In some cases, the intervention may seek to link the participant to funding or services that are already available, such as employer subsidies. Programs at the State and Commonwealth level with significant potential overlap are outlined in the Table 2 below.

Table 2: Summary of State and Commonwealth initiatives

Initiative	Employment Related Aim	Cohort	Region of operation
Smart, Skilled and Hired New South Wales Government	Create job and skills opportunities and help NSW businesses meet unprecedented demand in two key sectors – disability and construction.	15 to 24 year olds who are: - in precarious employment or underemployment - not engaged in the workforce - not studying to complete Year 10 - not registered with Commonwealth employment service/program (unless demonstrated benefit to NSW), - Australian/NZ citizen, PR, holder of certain visas.	This initiative will operate across Western Sydney, the Central Coast and Hunter, New England/North West and the North Coast. For further information visit: https://www.industry.nsw.gov.au/live-and-work-in-nsw/working-in-nsw/smart-skilled-and-hired
Future Directions for Social Housing New South Wales Government	Assist all disadvantaged job seekers in social housing areas to get and keep a job and to increase participant engagement in education and employment, and building housing independence.		The regions this initiative targets include: Sydney; Western Sydney; Central Coast; Hunter Valley; and Mid-North Coast For further information visit: https://www.facs.nsw.gov.au/ref-orms/social-housing/future-directions
Transition to Work Australian Government	This Commonwealth initiative supports youth on the journey to employment by providing intensive pre-employment support to improve work-readiness of young people and to help them into work (including apprenticeships and traineeships)	15-21 year olds: - early school leavers - experiencing difficulty entering employment after school	Across Australia For further information visit: https://www.employment.gov.au/transition-work
Empowering YOUTH, Australian Government	This Commonwealth initiative supports new innovative approaches to help the long-term unemployed to improve skills and move toward sustainable employment.	15-24 year olds: - identified to be long-term unemployed or at risk of welfare dependency. - Aboriginal youth - from a culturally and linguistically diverse background (CALD) - early school leavers.	Across Australia For New South Wales specific initiatives visit: https://www.employment.gov.au/empowering-youth-initiatives

Youth Jobs Path	This initiative is designed to support young people to gain the skills and work experience they need to get and keep a job. It also supports employers to host internship placements and provides them with incentives when they take on a young person	Eligible 15–24 year olds	All Australia
Australian Government			For further information visit : https://www.employment.gov.au/youth-jobs-path

7. Cohort data

7.1 Interaction with the juvenile justice system data

Youth involved with the criminal justice system are more likely than the general population to have experienced homelessness; have interacted with the child protection system (AIHW, 2012); and have a high prevalence of intellectual disabilities, learning disorders and mental health issues (Dowse et al., 2011; AIHW, 2013).

There are currently around 250 youth in custody in NSW: around 230 young men and 20 young women. Most youth are between 14 and 17 years of age, and of these, 54 per cent are Aboriginal. There are around 1,700 youth on community supervision orders each year.

The 2015 Young People in Custody Health Survey showed that, of those surveyed:

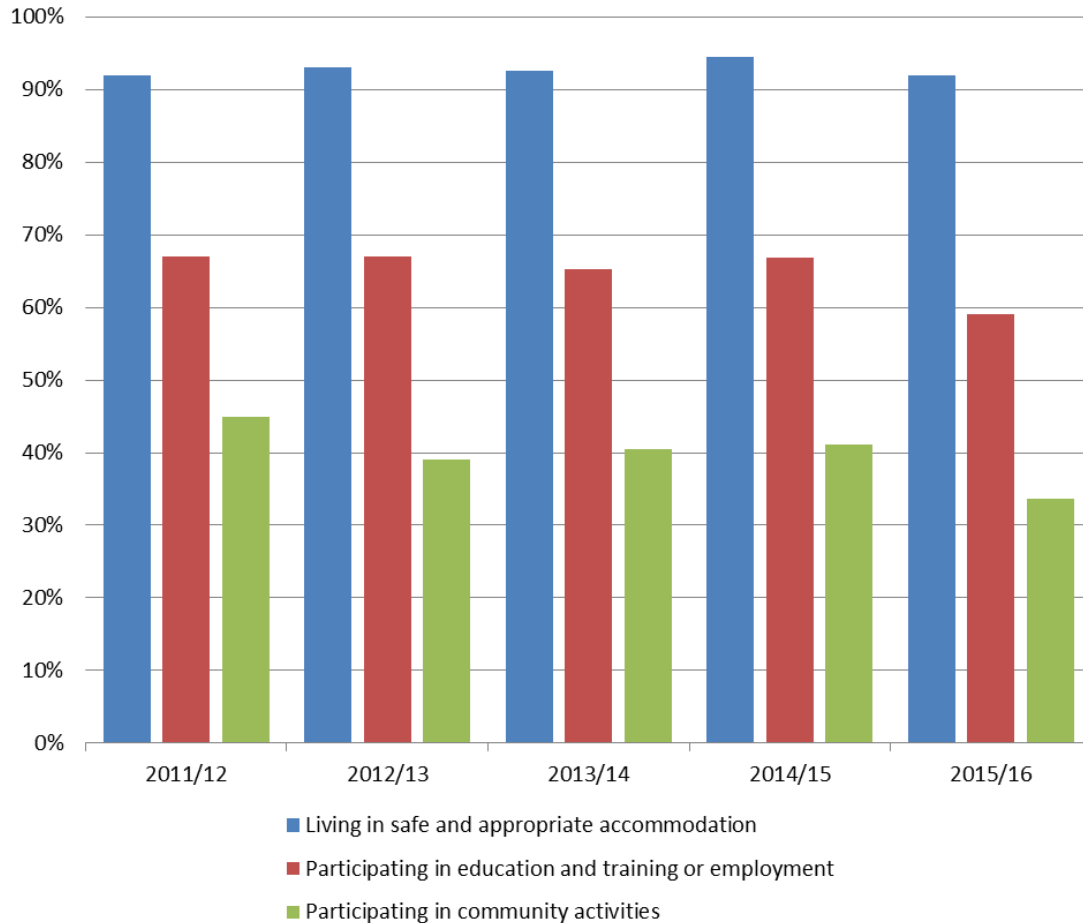
- 21 per cent had been placed in care before the age of 16 years
- 54 per cent have had a parent in prison. This was more likely for Aboriginal participants than for non-Aboriginal participants (67 per cent vs 37 per cent)
- 27 per cent were attending school prior to custody
- 18 per cent had an IQ in the extremely low (intellectual disability) range (under 70), with differences according to gender (females at 27 per cent versus males at 18 per cent), and for Aboriginal youth (Aboriginal at 25 per cent versus non-Aboriginal at 11 per cent)
- 51 per cent had severe difficulties (70 and below) in core language skills, with differences between males and females (females at 61 per cent versus males at 51 per cent), and for Aboriginal youth (Aboriginal at 60 per cent versus non-Aboriginal at 43 per cent)
- 79 per cent had severe difficulties (70 and below) in reading comprehension, with differences according to gender (females at 94 per cent versus males at 78 per cent), and between Aboriginal and non-Aboriginal youth (Aboriginal at 85 per cent versus non-Aboriginal at 73 per cent)
- 83 per cent were found to have a psychological disorder, with differences according to gender (males at 84 per cent versus females at 79 per cent), and for Aboriginal youth (Aboriginal at 86 per cent versus non-Aboriginal at 82 per cent).

This is a difficult and complex group, who are at risk of poor long-term outcomes if their needs are not addressed. The experience of NSW Department of Education staff in Juvenile Justice Centers shows that working with these youth in small groups with intensive learning models can improve skills in literacy and numeracy in short periods of time (the average sentence for juveniles is 115

days).

As shown in Figure 2 below, one-third of youth exiting the juvenile justice system are not in education, training or employment (Justice NSW, 2016).

Figure 2: Per cent of youth exiting juvenile justice, by category



Further, key findings of the NSW Audit Office Report (2016) suggest that a gap currently exists in services aiming to increase education and training for youth following their release from detention. The report noted that there is no over-arching strategy that sets out how accommodation, education and employment outcomes will be improved, indicating the need for wrap-around services to address this gap.

7.2 Interaction with the out-of-home-care (OOHC) system

About 1,300 youth aged 15-17 years exit care each year. Compared to their peers, OOHC leavers are at greater risk of poor social and economic outcomes throughout their life. As a result, they are more likely to access a range of government services, including housing support, hospital and community care, and the justice system.

The NSW Government recently undertook an analysis to better understand the life pathways of young people who exited care in their late teens and the costs of their service needs. Some of the observations are below:

- The average long-term cost to the NSW Government of meeting the service needs of an OOHC leaver is estimated to be about \$290,000 over 20 years post exit.

- Almost a third (28 per cent) of the \$4.7 billion in costs is justice-related, nearly one quarter (24 per cent) comprises child protection services for those individuals' children, and one fifth comprises ambulance costs.
- Risk and cost are highly concentrated within a few small sub-cohorts. Most notably, the average costs over 20 years are exceptionally high for a small group of care leavers with prior court appearances or periods in custody, who were also Aboriginal and male. Those costs are eight times higher than for the lowest-risk and cost segment of OOHC leavers.
- Service usage pathways are generally high and vary considerably between sub-cohorts. Some notable examples include:
 - In general, OOHC leavers' children are more than 10 times more likely to also spend time in OOHC, compared to the general population. This varies by gender; 20 per cent of females and 12 per cent of males in the cohort are forecast to have a child in protective services sometime in the 20 years after exiting from care.
 - Court appearance, time in custody, and ambulance costs are on average significantly higher for males compared to females. Male Aboriginal leavers with previous court or custody history are more than 90 per cent likely to spend time in custody in the future.
 - More than half of all OOHC leavers utilise some form of homelessness assistance.

It was also noted that, on average, OOHC leavers will spend approximately 1.3 years in public housing. This amount almost doubles for Aboriginal care leavers.

7.3 Youth in social housing

In 2012-13, there were approximately 25,000 youth aged between 18-24 years residing in social housing in NSW, accounting for 9 percent of total social housing tenants. Approximately 4,000 of these youth were registered as the head of their household (Department of Family and Community Services 2014).

Youth in social housing have a diverse range of experiences and needs, but generally experience more complex and interdependent challenges, which make it more difficult for them to gain and maintain employment. They are more likely than the general population to have lower levels of educational achievement; higher rates of inter-generational welfare dependence; and poorer physical and mental health. For example, the Department of Family and Community Services has found that amongst social housing tenants:

- Only 5 percent depend on wages as their main source of income, with the remaining 95 percent reliant on Centrelink benefits.
- Approximately 46 percent of young social housing tenants in Year 9 achieved the minimum standard in reading, compared to 79 percent of Year 9 students across NSW. Further, approximately 85 percent of social housing tenants have completed Year 10 education, and one in three tenants have completed Year 12 education or beyond.
- The prevalence for severe mental health issues is more than double that of the general population.

Labour market participation rates for social housing tenants are low. The Australian Institute of Health and Welfare (2014) estimates that 12.5 percent of social housing tenants were unemployed in 2014 and only 29.1 percent were in the labour force. Findings from the 2014 National Social

Housing Survey showed that of social housing tenants who were not in the labour force or were unemployed, 60 percent believed they were unable to find work because they needed more education, training or work experience.

As such, young people in social housing could benefit from interventions which provide more targeted education; training and job-readiness assistance; support services to address the underlying social barriers to unemployment; and wrap-around services to help them maintain employment.

7.4 Youth who have not completed Year 12 schooling or an equivalent vocational qualification

Evidence suggests that completing Year 12 (or an equivalent vocational qualification) is a key factor in improving economic and social opportunities in life, through preparing students for tertiary education and the labour market, and to become engaged citizens (Pech et al. 2009). Youth in Australia who have not completed a secondary school or training qualification are four times less likely to successfully transition to full-time work (Deloitte Access Economics, 2012).

Between 2005 and 2014, the proportion of youth in NSW aged 20-24 who had completed Year 12 or at least Certificate II increased. In 2014, females were more likely than males to have completed Year 12, or Certificate II or III. Further, the rate of completion for non-Aboriginal youth is much higher than that for Aboriginal youth at 87 and 59 per cent, respectively (ABS, 2014).

7.5 Youth who are not engaged in education or employment

Youth who are 'not in employment, education or training' (NEET) are considered to be fully disengaged from work and study. This non-participation among youth has been linked to future unemployment, lower incomes and employment insecurity (Pech et al. 2009), placing youth at risk of social and economic disadvantage and social exclusion.

Based on the 2011 Census of Population and Housing, some groups of 15-24 year olds were over-represented in the NEET group compared with their representation in the total youth population (AIHW, 2015). These groups included:

- Aboriginal youth (12 per cent in the NEET group compared with 4 per cent in the total youth population)
- youth who do not speak English well or at all (14 per cent compared with 5 per cent)
- youth needing assistance with core activities such as self-care, body movements or communication (6 per cent compared with 2 per cent)
- those living in inner regional and outer regional areas (31 per cent in NEET compared with 25 per cent in the total youth population)
- those living in remote and very remote areas (5 per cent in NEET, 2 per cent in total youth population).

The NEET group is made up of unemployed people (those who are not in employment but are looking for work) and those 'not in the labour force' (NILF - those who are not employed and are not looking for work). *Longitudinal Survey of Australian Youth* data indicate that, in 2011, 80 per cent of those considered as NEET were looking for full-time work while 20 per cent were looking for part-time work.

The following table presents statistics on youth participation in education and training in Australia (AIHW, 2015). This shows that in 2014, 16.4 per cent of 20-24 year olds had not stayed in education from Year 7/8 to Year 12, and 13.1 per cent had not completed Year 12. It also shows that 57.8 per cent of 20-24 year olds had not received a post-school qualification, and 25.9 per cent were not fully engaged in education and/or employment.

Table 3: Key statistics on youth participation in education and training, Australia

Education and training participation metric	Cohort	Per cent of cohort (year 2005)	Per cent of cohort (year 2014)
Participation in education and training	15-19 year olds	75.5	82
	20-24 year olds	37.9	42.5
Year 7/8 to Year 12 apparent school retention rate	20-24 year olds	72.3 ^a	83.6
Completion of Year 12	20-24 year olds	73.5	76.9
Enrolment in study towards a post-school qualification	15-19 year olds	25.2	26.6
	20-24 year olds	37.6	42.2
	15-24 year olds	31.5	34.8
Attainment of a non-school qualification	15-19 year olds	7.6	10
	20-24 year olds	44.8	45.9
	15-24 year olds	26.6	29
Participation in apprenticeships or traineeship	15-19 year olds	9.1 ^b	7.4 ^c
	20-24 year olds	7.4 ^b	6.8 ^c
	15-24 year olds	8.3 ^b	7.1 ^c
Fully engaged in education and/or employment	15-19 year olds	85.7	87.2
	20-24 year olds	78	74.1
	15-24 year olds	81.8	80.3
Combining full- or part-time education and employment	15-19 year olds	35.3	32.7
	20-24 year olds	25.7	25.4
	15-24 year olds	30.4	28.8
Not in education, employment or training (NEET)	15-19 year olds	7.7	7.1
	20-24 year olds	12	12.9
	15-24 year olds	9.9	10.2

^a per cent for 2000

^b per cent for 2004

^c per cent for 2013

7.6 Youth who are homeless or at risk of homelessness

Of youth receiving assistance from Specialist Homelessness Services in 2014-15, around 17 per cent (or 2,367) cited employment difficulties and unemployment as a reason for seeking assistance. The risk of homelessness is also well understood to be a barrier for young people to secure and maintain stable employment, as it has profound risks for their physical and mental health and their access to education and training. This can entrench disadvantage and make exiting homelessness more difficult. As a result, reducing youth homelessness is one of the Premier's Priorities.

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